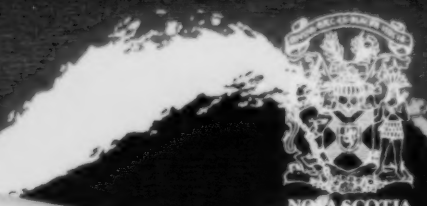


NOVA SCOTIA BUDGET ADDRESS

FOR THE FISCAL YEAR 2006–2007

THE HONOURABLE MICHAEL G. BAKER, Q.C.
MINISTER OF FINANCE

2008-04012/

Introduction

Mr. Speaker, Premier, Honourable Members, Nova Scotians.

I am pleased to rise in this Chamber today to present Nova Scotia's fifth consecutive balanced budget—my first as Minister of Finance.

When most people think about budgets, they think numbers. Open any of the budget documents in front of you, and you'll see plenty of them. You'll read about forecasts, key assumptions, capital costs, and debt servicing. And you'll see terms like GDP, CPI, book value, and consolidation adjustments.

A plan for the future

But really, at its essence, a budget is a plan. A plan for Nova Scotia's families. A plan for our communities. A plan for the future.

And good plans shape good decisions.

It's reassuring then, Mr. Speaker, that Nova Scotia has a wealth of solid planning built up over the past six years. Plans like Opportunities for Sustainable Prosperity, Your Health Matters, Learning for Life, and soon, Route to Prosperity and Nova Scotia's Continuing Care Strategy. Solid plans for economic growth, health, education, infrastructure, and transportation. Solid planning for the next decade and beyond.

Today's budget is built on that good work. Today's budget puts real action and real dollars behind our plans. Every decision we make, every dollar we spend, is guided by the strategies we have developed for this province and its people.

In today's budget, Mr. Speaker, Nova Scotians will see that we are addressing the priorities of Nova Scotia's families and building a more prosperous future.

NOVA SCOTIA

Mr. Speaker, this, our fifth straight balanced budget is:

- A budget that ensures our economy continues to grow
- A budget that will allow Nova Scotians to keep more of their own money
- A budget that tackles many of the challenges facing families right now, creating healthier, stronger communities
- It's a budget that invests in infrastructure and still ends the year with a $71.9-million surplus
- And a budget that will see us meet or exceed our debt reduction commitments.

Ensuring our families can succeed

The premier has said: "We have no greater priority than ensuring that our families can succeed here, at home, in Nova Scotia—today and tomorrow." That's what this budget is all about.

A Look Back to 2005–2006: Confidence in Our Economy

The past year set the stage for the good work we plan on doing this year.

Mr. Speaker, Nova Scotia is forecast to end fiscal 2005–2006 with a healthy surplus of $151-million—almost $88-million more than we budgeted at this time last year. And as we have said before, every penny of this surplus goes directly to the debt.

The source of this good news is a sizeable increase in revenues—in particular, revenues from the offshore, which increased to almost $144-million, $114-million more than budgeted last year.

Making smart investments

This extra revenue allowed us to make some additional spending commitments to address priority areas throughout the year. These included investments in health and health promotion, assistance to universities and their students, energy and conservation initiatives, and economic development.

Together with Nova Scotians we have created an environment for business investment and success. Major private-sector construction projects like the $270-million Dartmouth Crossing project and the $98-million Michelin expansion are just two examples that create jobs and lasting benefits in our communities.

The $100-million gas compression deck for the Sable gas field will help productivity in the offshore. And expansion projects at the Halifax International Airport and the Port of Halifax are providing lasting infrastructure, connecting Nova Scotia to the world.

Mr. Speaker, more people are working and their incomes are growing.

More people working

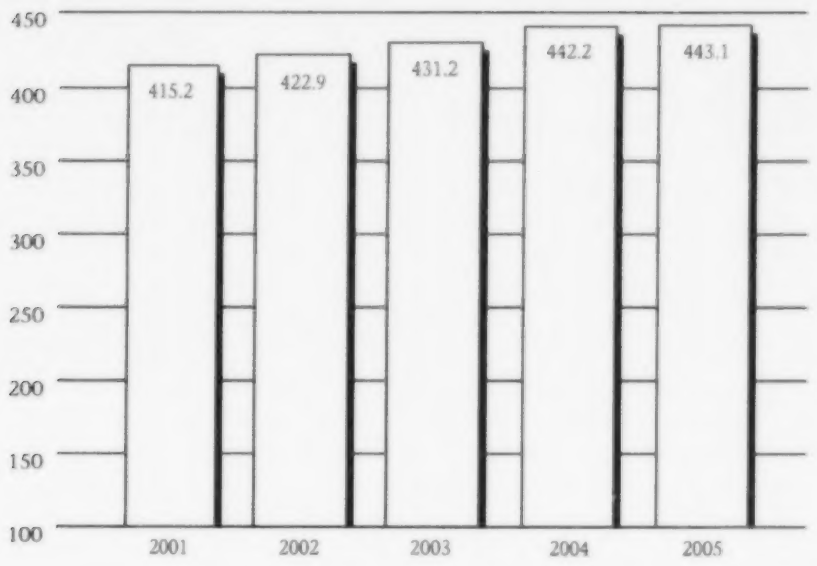
- In fact, 443,000 Nova Scotians were employed in 2005—more than ever before.

Incomes are growing

- People are earning more—4.4 per cent more than the previous year.
- Families are able to spend more. Last year retail sales grew 3 per cent.

NOVA SCOTIA

Nova Scotia Employment
(Thousands of Persons)



Source: Statistics Canada, 2005 Labour Force Historical Review, 71F0004XCB, February 2006

Outlook for 2006–2007: The Right Time to Invest

Steady growth

Mr. Speaker, early indications for this year are that once again Nova Scotia will show steady growth.

- Real GDP is projected to grow by 2.2 per cent in 2006 and 2 per cent in 2007.
- Employment growth is forecast to increase 0.9 per cent in 2006 and 2007.
- Personal income is projected to expand 3.3 per cent in 2006 and 3.2 per cent in 2007.

- Retail sales growth is expected to increase by 3.7 per cent in 2006 and 4.1 per cent the following year.

Provincial Forecast Assumptions

	2005	2006	2007
Real Gross Domestic Product, 1997$ (% change)	1.9	2.2	2.0
Nominal Gross Domestic Product (% change)	4.6	4.2	3.4
Employment (% change)	0.2*	0.9	0.9
Unemployment Rate (%)	8.4*	8.1	8.0
Personal Income (% change)	4.4	3.3	3.2
Consumer Price Index (% change)	2.8*	2.5	2.0
Retail Sales (% change)	3.0	3.7	4.1
Corporation Profits before Taxes (% change)	5.0	4.4	3.8
Exports of Goods and Services (% change)	2.1	3.5	4.7

Sources: Statistics Canada, actual (*), Nova Scotia Department of Finance Projections.

In a nutshell, these numbers mean more revenue to enhance the programs and services Nova Scotians value.

Revenues are strong and growing

Nova Scotia's revenues are projected to grow by 8.0 per cent for a total of $6.587-billion. This is a sizeable increase over last year's budget, and significantly more than our average growth rate of 4.9 per cent over the past several years.

Again, Mr. Speaker, this was due in large part to royalty revenues from the offshore, which are slated to be well beyond initial projections to total $288-million for 2006–2007.

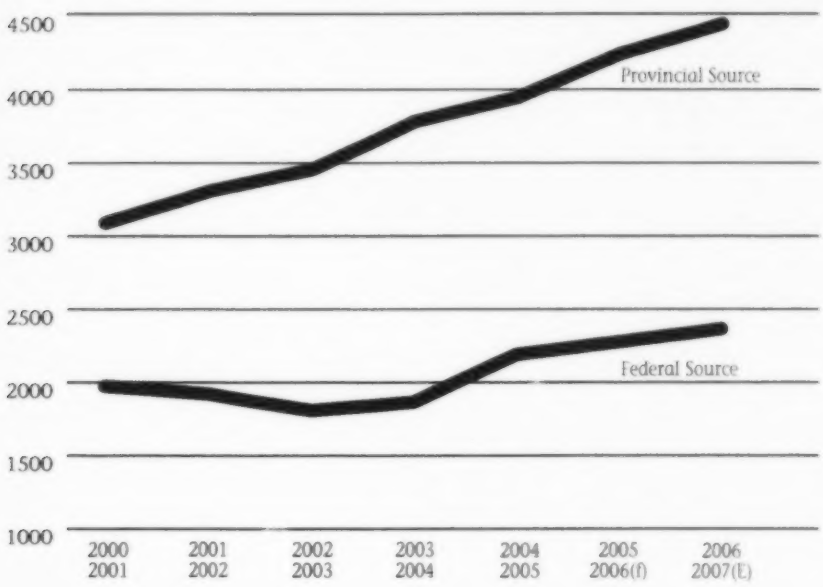
Despite reductions in revenue from government business enterprises, due mostly to a decrease in gaming revenue of $16.7–million, and motive fuel tax of $12–million, provincial revenues, excluding royalties, are expected to experience solid growth this year – projected to increase 3.4 percent.

NOVA SCOTIA

We are paying our own way

Nova Scotia is largely responsible for its own good fortune. We are paying our own way. Revenues from federal sources are up from last year, as planned, but continue to fall short of growth in spending needs for the programs and services they are targeted to address.

Federal Source vs. Provincial Source Revenue
(In $Millions)



Source: Provincial Public Accounts for actuals, 2005–2006 Budget Address forecast and estimate
(f) forecast, (e) estimate

Overall, Mr. Speaker, having solid returns on the revenue side has given us the ability to make positive investments in programs.

Debt Management—Our First Investment

Meeting or exceeding debt reduction targets

We understand that we have a significant obligation to future generations to do what we can to relieve Nova Scotia's burden of debt. This is why Mr. Speaker we will meet or exceed our debt reduction targets.

Last June, former Premier John Hamm put an $830-million down payment on the provincial debt, freeing up over $50 million annually that would otherwise go to debt servicing. Nova Scotians will realize the positive impact of this decision in increased spending on programs and services.

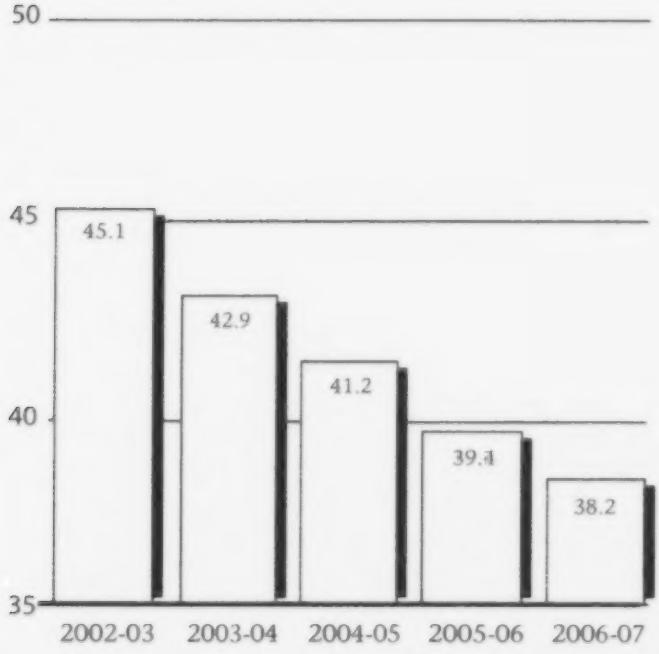
Last year's forecast surplus of $151-million will also help to reduce our projected debt levels beyond what we had expected at year-end. This also gives us the flexibility to invest in important capital improvements like roads, bridges, schools and hospitals while still meeting our debt reduction targets.

Even with these important capital investments, we are slowing the growth of our debt. Nova Scotia's net direct debt to GDP ratio is projected to go down once again—for the fifth year in a row—from 48.7 per cent in 1999–2000 to 38.2 per cent this year.

Mr. Speaker, our creditors have taken note of Nova Scotia's strong fiscal management. Over the past year, all three major bond-rating agencies have given Nova Scotia a positive outlook, encouraging greater confidence in Nova Scotia's economy and in its future.

NOVA SCOTIA

Net Direct Debt to Gross Domestic Product Ratio
2002–03 to 2006–07
(per cent)



Source: NDD public accounts, *forecast from 2006-2007 Budget, GDP Statistics Canada catalogue no. 13-213-PPB for actuals, forecast from Department of Finance Economic Policy

A Province Connected with the World

Addressing Nova Scotia's capital needs

Good roads, modern hospitals and schools, and a province connected to the world are the building blocks for business, communities and families to succeed – and we've got some work to do.

A 10-year needs assessment identified a $3.4-billion infrastructure deficit just for highways alone. Nova Scotians know all too well that our province needs to spend more on its roads and highways. We are also committed to ensure that by

2010 all Nova Scotians have broadband access to the Internet.

Over the past few years we have worked hard to address Nova Scotia's capital needs. From 1999 to 2005 we completed 20 new schools, expanded, renovated or built 14 hospitals, and tripled annual investments in roads and bridges.

Capital Spending
($ thousands)

Department and Service	Estimate 2006-2007
Schools	79,553
Highway Spending	176,227
Buildings	21,953
IT Spending	26,979
Vehicles	10,788
Land	18,750
Other - Parks	750
Total Capital Spending	**335,000**

(numbers are rounded)

Mr. Speaker, our strong revenue and positive economic outlook enable us to significantly increase capital spending this year. Capital spending will increase by $55-million from $280-million to $335-million, an increase of over 16 per cent. In addition, $40-million will be spent to improve our health infrastructure.

Modernizing our province will help us keep and attract businesses and lead to good, well-paying jobs for Nova Scotians.

A $1.5-billion Route to Prosperity

More than half of this money and more will be spent to improve our roads, highways, and bridges. In fact, Mr. Speaker, when we add in the $175–million we spend on road maintenance from our operating budget, we will be spending far more on road and highway improvements that we collect in motive fuel taxes. This year and every year thereafter, government will spend the total amount collected in these taxes, plus the net revenues collected from the Registry of Motor Vehicles on our highway systems. We will make this commitment in legislation in the Financial Measures Act.

This will support our $1.5-billion, 10-year plan to address Nova Scotia's transportation needs. It is a plan that includes more than $200-million for 100-series highways, including twinning

sections of Highways 101, 103, and 104. It also includes plans for a bypass in Antigonish and Port Hawkesbury as well as a high-speed interchange in Truro.

In the Halifax Regional Municipality, our government will take a lead role in developing a specific strategy to address the transportation needs of citizens and businesses alike. This will involve partnering with local leaders including the Halifax-Dartmouth Bridge Commission. Projects under future consideration include a new Hammonds Plains Road, the Burnside-Sackville expressway, an inland container terminal, and expanded harbour ferry services. The bottom line is fuelling economic growth and getting products and people where they need to go quickly, safely, with less impact on the environment.

Support for the Atlantic Gateway Strategy

Today's budget also commits $250,000 to the Atlantic Gateway Strategy, a coordinated effort of partners responsible for road, rail, air, and ports. The goal is to become North America's preferred eastern gateway—improving trade, tourism, our economy, and creating more quality jobs for Nova Scotians.

Quality Jobs for Nova Scotians

Mr. Speaker, government recently released its updated strategy for building a more diverse, prosperous and greener economy. This involves lowering taxes, building infrastructure, less regulation, the right mix of business incentives and solid support for a highly skilled and educated work force.

Lower Taxes

Lower taxes

We are expanding our commitment to reduce the tax burden for business. Last year, we began to phase out the Business Occupancy Tax. And every year for the past three years, we have increased the small business tax threshold. Once again, Mr. Speaker, I am pleased to report that effective April 1, the threshold has been increased to $400,000. These increases have saved Nova Scotia businesses over $15 million in corporate income taxes over this period.

Mr. Speaker, we are also pleased to announce that we will be eliminating the 3.5 per cent liquor licence levy effective January 2007. This will benefit hundreds of small businesses in the tourism and hospitality sector across our province.

For our larger companies, we are also continuing with our commitment to lower taxes. Last year, we announced a reduction to bring down the Large Corporations Capital Tax rate over the next three years. Mr. Speaker, at the end of this period, we will extend the "phase down" for another four years at an accelerated rate until 2012, when it is completely eliminated. The Large Corporations Tax generates $60-million annually that businesses will no longer pay by 2012. This will help us be more competitive in national and global markets.

Better Regulation

Reducing regulatory burden

Sensible, streamlined regulations are one tool to help retain and attract business. This year, Mr. Speaker, we are increasing our commitment to better regulation with $400,000 to enhance activities in the second year of the Competitiveness and Compliance Initiative. This will allow for the development of regulatory training and better coordination of the province's 180 inspectors. The concept is based on improving the way laws are designed, communicated, and enforced in Nova Scotia—and improving the competitiveness of our businesses. By the year 2010, the province will have reduced the paperwork burden associated with regulatory requirements by 20 per cent.

Programs for Business

Investing to create jobs

Mr. Speaker, government has an important role in supporting a strong, diverse climate for business. That is why, the budget for the Office of Economic Development will increase by almost $15-million. Investments through Nova Scotia's Industrial Expansion Fund have returned three dollars for every one dollar invested. In fact, since 2000 the fund has helped business create a total of 3,400 new jobs in all parts of our province. Our goal is to surpass our past success.

Preparing our young people for the future

We are adding just over $600,000 to expand economic opportunities to businesses of all sizes, including establishing a new Export Expansion Program to help Nova Scotia companies increase exports, and increasing funding to implement our community development action plan. In addition, we will expand the Business Retention and Expansion Program to nine counties.

More Skilled Workers

Mr. Speaker, Nova Scotia's economic success is directly tied to the education and skill levels of its citizens. Our budget takes concrete action to ensure more Nova Scotians of all ages are better prepared to fill the jobs of today, tomorrow and well into the future.

We will therefore, once again, increase our capital investment for the modernization and expansion of our community colleges with an additional $24.8-million. We will also increase the operating budget of the Nova Scotia Community College by $6-million. The return on this investment will mean more young Nova Scotians getting an education closer to home, more skilled workers for our province, and greater opportunities for business success.

As well, we will provide an additional $140,000 to encourage and promote the trades as a rewarding career choice,and invest $200,000 to bring more skilled IT workers back home to Nova Scotia. This will help fill more than 3,500 IT jobs, which Nova Scotia Business Inc. has helped clients create.

Mr. Speaker, we will also increase funding to help those on income assistance or employment insurance to access essential education skills at the worksite. Almost $150,000 of additional funding will be available to One Journey: Work and Learn, a successful initiative with a 75 per cent job placement rate.

Attracting Immigrants

Nova Scotia's future prosperity is also tied to bringing more

people from around the world to make Nova Scotia their home. That's why we will increase funding for the Office of Immigration by $700,000 to $3.3-million.

Provincial Fees for immigrants eliminated

Last year, more than 1,900 immigrants received permanent resident status in Nova Scotia – an 8.5 per cent increase over the previous year. We will continue to build on that momentum. The Nova Scotia Nominee Program was key in this success – and in fact, it is considered one of the most attractive programs in the country. Mr. Speaker, government has reviewed the fees associated with the program, and effective immediately will eliminate the portion of these fees that flows directly to the province, ranging from $500 to $1,700 per person depending on the immigrant entry stream. This will make Nova Scotia more competitive with other provinces and more attractive to immigrants.

We will also do more to ensure immigrants feel welcome and supported. An additional $639,000 will be available for language training, settlement and integration services. This brings our direct funding for settlement services through the Office of Immigration and the Department of Education to almost $2-million this year alone.

Confidence in the Offshore

Creating quality jobs

Mr. Speaker, creating a more confident climate for business, investing in the education and skills of our workforce, and bringing more people from around the world to achieve success here in Nova Scotia are vital to our future economic growth and social prosperity.

We also need to build on the opportunities that exist in industries that have the untapped potential to further secure our progress.

We recently announced plans to help promote Nova Scotia's offshore energy with a $6.4-million investment in research and development. The goal is to generate more interest in, and wealth from Nova Scotia's offshore.

NOVA SCOTIA

This investment has the potential to create more quality jobs, to provide more energy choices, and to generate more revenues to support the priorities of Nova Scotians.

Encouraging Conservation

Energy Efficiency Tax Credit

Mr. Speaker, one clear priority of Nova Scotians – a priority this government shares, is to ensure that together we act to promote, protect and preserve our environmental integrity.

To encourage energy conservation and the use of renewable energy sources, we will implement a new Energy Efficiency Tax credit. This non-refundable credit will equal 25 per cent of a company's capital investment in new, cleaner energy-efficient measures—to a maximum of 50 per cent of their Large Corporations Capital Tax. The program, will come into effect on purchases made after July 1, 2006.

Mr. Speaker, my government expects no less of itself when it comes to making smart energy choices than it does of business and individual Nova Scotians. That is why, we will invest $1.2-million to convert the system that heats the Nova Scotia Hospital, the Dartmouth General, and the new community college campus to natural gas. Not only will this be more environmentally friendly and cost-effective, it will mean good things for neighbouring business and residential customers, who will also have access to gas-fired alternatives to meet their own energy needs.

$10-million for Smart Energy Choices

Every Nova Scotian has a part to play in supporting conservation efforts. That is why government will continue to support Smart Energy Choices through a $10-million investment. This program includes home assessments, grants for energy saving, home improvements, additional help for seniors and dollars for oil furnace replacement. We will also take measures to encourage the use of alternative forms of fuel. Effective July 1, we will eliminate the motive fuel tax on the biodiesel portion of the diesel blend that is produced in Nova Scotia, and meets accepted fuel-quality standards. It is estimated that this measure could save taxpayers up to

$1-million per year and make biodiesel a more competitive fuel.

We are also investing in an Environmental Home Assessment Program to provide more Nova Scotians with the assurance that their families have access to clean potable water, environmentally safe oil tanks and properly working septic systems. The $850,000 program will be available to close to 2000 homes over the next 2-years and will provide water sampling kits, help for septic systems and an oil tank check-up.

Better Choices—Tackling the Pressures Families Face Today

More support for working families

Mr. Speaker, through this budget we are also taking action to support working families by having more child care options, by enhancing services for Nova Scotians with disabilities, and by providing much needed tax relief for Nova Scotia families.

Child Care

Mr. Speaker, the recent federal budget included a new Universal Child Care Benefit of $1,200 a year for each child under the age of six. Nova Scotians will not pay additional provincial taxes on that benefit. That is because we are introducing a non-refundable tax credit for parents or guardians with children under six. The tax credit rate will be set at the 8.79 per cent applied to the full value of the new $1,200 Federal Universal Child Care Benefit. As well, Nova Scotia plans to carry on with funding for the child care system in Nova Scotia after the recent federal funding program ends. Mr. Speaker, we will provide ongoing additional funding of $4.7-million a year to child care in Nova Scotia. This is all part of our 10-year child care strategy.

Pharmacare support for families of modest means

Mr. Speaker, there is nothing more agonizing for a parent than a sick child. That is why, effective October 1, we will introduce a new Pharmacare program for children from families of modest means. This program will cost $1–million this year, with

NOVA SCOTIA

another $2–million committed for next year. It will reduce the emotional stress and financial pressure on thousands of Nova Scotia parents, reduce emergency room visits, and most importantly ensure that 33,000 children get the medicine they need to get better.

Additional investments to support individuals and families in need include:

- $1.9-million more to increase the shelter allowance for income assistance recipients
- $18-million more for the second phase of the Nova Scotia Affordable Housing Program
- and, $3.5-million more to enhance senior and low income housing through the Emergency Housing Repair Program

We are also putting in place more support for parents who adopt children with special needs with an investment of $200,000.

International adoption fees eliminated

And I am pleased to announce, that effective immediately government will eliminate international adoption fees to allow more Nova Scotians the opportunity to build and complete their families.

Mr. Speaker, too many children are without the love and support of a family. Nova Scotia is fortunate to have people who open their hearts to these children. Today government is pleased to announce it will provide an additional $400,000 to make life easier for foster families and the more than 1,200 children in their care.

Currently youth in care are eligible for a bursary program to cover their post secondary education costs. Government is pleased to extend the age limit from 21 to 24 years – so that students in care can continue their studies.

And Mr. Speaker, last year government launched a pilot

program in Cape Breton to help families caring for adults with disabilities. The Alternate Family Support program provided adult foster care, independent living services and direct family support for those caring for their loved ones. This budget invests $1.5-million so that this vital service for families can be expanded to communities across Nova Scotia.

Mr. Speaker, these are among the measures we will take to relieve many of the pressures and costs of raising a family in Nova Scotia today.

Lower Taxes for Families

Provincial portion of HST on home heating given back

And today in Nova Scotia, Mr. Speaker, government is taking action to give every family, and every working individual a well-deserved, well earned tax break.

Effective January 1, 2007, government will provide every household with an 8 per cent rebate on the total provincial portion of the HST. This will apply to all forms of home heating costs and basic electricity.

For major sources of heat Nova Scotians will see savings directly reflected on their heating and electric bills. We have approached the federal government for assistance in administering this point-of-sale rebate, which is similar to the one received on books. If the Canada Revenue Agency chooses not to participate, Nova Scotia will administer the rebate itself through Service Nova Scotia and Municipal Relations. For all other heating sources such as wood pellets, wood, coal and kerosene, consumers will receive the full 8 per cent rebate when they submit their heating receipts.

Average Consumer Savings

Energy Source	*Average Energy*	*Consumption*	*Cost Savings*
Average oil Heater	2500 litres@75¢	$1875x0.08	$150
Average Electricity Heater	15,800KW@10.04¢	$1586x0.08	$125
Average Electricity Non-heater	8,000KW@10.04¢	$803x0.08	$60

NOVA SCOTIA

We are confident that Nova Scotia Power and Nova Scotia's home heating fuel companies will enthusiastically support our point-of-sale rebate program.

Mr. Speaker, our household energy tax rebate program will benefit all Nova Scotians, most especially seniors and those on fixed incomes. This broader program, which benefits all Nova Scotians, will replace the existing Keep the Heat Program.

Basic Personal Income Tax exemption increased

Mr. Speaker, government has more good news for Nova Scotia families. Again, effective January 1, 2007, Nova Scotia will raise the basic personal exemption—by $250 over each of the next four years. As well, we will increase all non-refundable credits proportionally. Indexation of all non-refundable credits and brackets will commence after year four. Combined, the personal income tax measures outlined in today's budget will save taxpayers $113-million during the first four years – and there will be increasingly higher savings after that point.

Mr. Speaker, government knows that lower taxes not only help struggling families, they make our province more attractive to business investment, more attractive to new immigrants, more attractive to skilled workers – all of which will bring about greater economic growth and social prosperity.

Strong, Healthy Families Today ...

Working for a healthier Nova Scotia

Mr. Speaker our goal is to make every generation of young Nova Scotians healthier than the one before. We know that Nova Scotians can lead healthier, longer and more productive lives when they make smarter lifestyle choices.

This year's budget keeps our commitment to double the health promotion budget within four years. The total budget for the new Department of Health Promotion and Protection is $36-million with $29.4-million going to support health promotion activities— a $14.5-million increase over the last three years.

Among the investments the Department will support this year:

- funding of just over $600,000 to promote healthy eating in our schools
- close to $1-million in new funding to start the renewal of our public health system to deal with issues, post-SARS
- $800,000 for Youth Health Centres in 37 schools and communities across the province
- $680,000 to strengthen our actions to prevent chronic disease
- $469,000 to educate senior high students on issues like alcohol, drugs, and healthy sexuality
- and $255,000 to expand our injury prevention strategy.

Healthy Living Tax Incentive

We will also invest $400,000 to increase the number of physical education teachers in our schools. And Mr. Speaker we will increase the Healthy Living Tax incentive by more than 300 per cent, from a maximum of $150 of eligible costs per child to $500 per child. This incentive helps families register children in sport or recreation activities that offer lasting health benefits.

Mr. Speaker, government knows well that if we're going to promote good health we have to provide Nova Scotians with the recreation facilities and natural amenities that will encourage them to become more active. To that end we are providing an additional $2.4-million to implement a physical recreation strategy, and improve recreation facilities – an increase of 25 per cent over last year. We will also spend an additional $750,000 for capital improvements to our provincial park system, and commit an additional $506,000 to establish additional boardwalks in our capital region.

Mr. Speaker, we are also providing $100,000 to determine the feasibility of establishing a United Way 211 Call Service. This will provide a one-window referral service for a broad range of government, community, and non-profit service information.

Mr. Speaker, these measures are tangible proof of our commitment to build a healthier Nova Scotia and these measures are the tangible means by which we will slow the growing pressures on our health care system.

Investing in Health Care

Mr. Speaker, from government's efforts to keep young Nova Scotians healthy and active, to helping more of our seniors live longer at home, Nova Scotians will see that our investments are sound, sensible and strategic.

Continuing Care Strategy

Tomorrow, government will release a Continuing Care strategy that sets the course for putting Nova Scotia on the right path to provide the right level of care, at the right time and for the right reasons. Our continuing care strategy will make sound policy investments that are sustainable, respond to community needs, and result in better care.

This year's budget we will see that strategy advanced through:

- adding 50 restorative beds
- more dialysis options closer to and in the home
- expanded home support services like personal care and housekeeping
- continuing support for people to manage their own care in their own homes
- and there will also be 1,300 new long-term care beds introduced over the next 10-years.

This year, more than $16-million will be dedicated to moving this strategy forward.

Mr. Speaker, like our investments in health promotion our continuing care strategy and the new dollars we are putting into

home and nursing home care will help ease the stresses and strains on our hospitals.

Reducing wait time

Government has made a concerted effort to reduce wait times for diagnosis and treatment, and the results are beginning to show. We have more doctors in communities, more nurses at the bedside, and we lead the country in the sharing of medical information technology. New advanced medical equipment is making access to care faster, and we are taking a comprehensive team approach to meeting the health-care needs of communities.

To build on our progress, the budget for the Department of Health will once again increase from $2.56-billion to $2.76-billion – a $200-million increase which will go to address the many priorities including:

- further wait time reductions as a result of a doubling of federal wait-time funding to $34.7-million
- $4-million for the Clinician Assessment for Practice program bringing 20 international medical graduates to our province
- $462,000 in bursaries for a medical lab and technologist students
- $400,000 to support nurse training at St. FX University
- $400,000 to enhance community based primary health teams, which include nurse practitioners
- and $3-million for the operation of MRI's, purchased in last year's budget.

More for cancer treatment

As well, Mr. Speaker, we will invest a much-needed $15.9-million in oncology drug costs, specialists and treatment support for cancer programs in the Capital Health and Cape Breton Districts.

And we are adding $12.9-million to our Pharmacare program to

help over 95,000 seniors better manage the rising costs of prescription drugs.

Opportunities for Children to Succeed Today ...

Spending to equip our students for success

Mr. Speaker, just as it is our goal to make every generation healthier than the one before it, it is also our goal to ensure that every generation of Nova Scotians is better equipped to find success. And that starts with a quality education.

This year we are making a substantial investment in helping our children succeed from grade primary through to graduation. This year, the overall budget will increase 5.9 per cent from 1.075 billion to a total this year of $1.138-billion.

Included in this amount is:

- $5-million to fully implement the recommendations in the Hogg Report.
- An additional $20.2-million to implement the next steps in our Learning for Life II plan. This focuses on the fundamentals, further reduces class sizes, expands supports for students with special needs, offers more advanced courses for gifted students and calls for greater accountability throughout our public school system.
- Another $1-million to implement the recommendations of the BLAC report which will further our efforts to address inequities in the education of African Nova Scotian students.

Additionally we will provide $300,000 to ensure Nova Scotia students have access to the one of the world's most respected pre-university high school programs. This investment will ensure every school board in the province offers the International Baccalaureate Program in at least one of their high schools.

Opportunities and options for students

To ensure our at-risk students stay in school, stay learning, and stay on a path to success we will provide another $1.4-million to introduce Opportunities and Options into 20 new schools. This program matches students with qualified employers who provide structured, hands-on learning experiences.

This year's budget will also provide $750,000 to Memorial High School in North Sydney, a composite school which provides both academic and skills training. Mr. Speaker, our vision is to have a composite school, like Memorial, in every school board in the province.

... And Opportunities for Youth to Succeed into the Future

Mr. Speaker, this government understands the value of post secondary education. We also know that the cost of a university education is difficult for many families. That is why we will take steps to make the cost of a typical undergraduate degree in Nova Scotia comparable to the national average within the next five years. We will be re-opening negotiations with universities and looking to the federal government to discuss a collaborative approach to reaching this goal.

- We will introduce Nova Scotia's first Graduate Tax Credit, allowing Nova Scotia graduates to claim $1,000 as a non-refundable provincial tax credit on earnings.

Student debt relief program improved

- We will double the employment and repayment bonuses under the student debt reduction program, a $1.2-million investment providing debt relief to approximately 10,000 Nova Scotia students.

- As well, next year, students who are unemployed or under-employed will benefit from an improved program that sets loan repayment amounts to affordable levels.

- We will reduce the required parental contribution for eligibility for student loans by 25 per cent. As a result more

students will be eligible for student loans and be able to qualify for loan forgiveness.

- We will also – beginning in 2007-2008 – establish direct lending which will see students benefit from the province's lower borrowing costs. This measure alone will save students millions in interest at no additional cost to taxpayers.

Building Safe, Caring Communities

Nova Scotians rightly feel a strong sense of pride in and belonging to their communities. This budget focuses on those things Nova Scotians value about where they live, including their desire to keep their children, their homes and their neighbourhood safe.

That is why we will improve our response to the growing concern of youth crime by investing $450,000 to establish a new youth attendance center in the Halifax Regional Municipality. This center will provide programs and services such as education and counseling, through a mandatory reporting arrangement. This funding is in addition to a $500,000 investment to support youth-at-risk through the Departments of Health, Justice and Community Services.

As well, we are providing an additional $540,000 to put into force legislation that will address criminal activities such as drug sales and prostitution. The added funding will support a new public safety investigation unit.

Making communities safer

This budget also includes new funding to hire additional police officers to track violent offenders and to address child pornography and Internet fraud.

There will also be money for more officers in Aboriginal communities across Nova Scotia.

Government will also continue to support the recently created Criminal Intelligence Service which improves criminal

intelligence gathering in all regions of our province.

Other investments to enhance our justice system include:

- An additional $400,000 to expand electronic monitoring of those on house arrest
- $200,000 to better monitor those on bail
- and $700,000 in legal aid funding to ensure speedier access to justice.

We will also be investing $746,000 to upgrade our 911 emergency response system, which will improve overall responsiveness across Nova Scotia.

Supporting volunteer emergency responders

Mr. Speaker, an additional $250,000 will assist our volunteer emergency responders and we will take steps to ensure they are supported through Nova Scotia's EMO joint operations. We recognize the important work these and other volunteers do to meet the needs of our communities. This year we will appoint a Minister Responsible for Volunteerism and develop Nova Scotia's first volunteer strategy.

NOVA SCOTIA

Investing in Municipalities

Working with municipalities to meet local needs

Mr. Speaker, this government will do all that it can, whenever it can, to enhance the services we provide Nova Scotians. We will also work hand-in-glove with our municipalities so that they can better meet their local needs.

That's why this year we will provide $4.7-million in additional transfers for all Nova Scotia municipalities, and increase funding by $1.5-million for the Provincial Capital Assistance Program, for a total of $4.25-million. PCAP allows the province to contribute to the cost of high-priority municipal projects including water, sewer, and solid waste with a focus on green projects.

Mr. Speaker, this investment along with the $18.75-million we are dedicating to resource management, biodiversity and our forest and wildlife resources will have a positive impact on tourism, heritage and the environment.

Nova Scotia's tourism and cultural sectors generate more than $2-billion for the province's economy each year. Government is committed to working with our partners to increase the value of these vital industries to our economy. To that end we are providing an additional $600,000 to market and promote Nova Scotia as a first class tourism destination and increasing funding to support the cultural sector by $850,000.

In addition, this year's budget includes $300,000 to further develop a cultural center to showcase the history and heritage of the Mi'kmaq in Nova Scotia. We will work with Nova Scotia's First Nations, specifically to protect the unique cultural artifacts that have been found on the Mi'kmawey Debert site.

Mr. Speaker, we continue to be proud of our diversity and will continue to celebrate and recognize the contributions of all Nova Scotians. This budget will also see the creation of an office of African Nova Scotia Affairs in Cape Breton. Additional

satellite offices will open in Southwest Nova, the Valley and Central Regions in the coming years.

Traditional Sectors

Mr. Speaker, Nova Scotia's forests, farms, and fishery remain the backbone of our economy. We will continue to help each of these vital areas of our economy grow.

Government's new aquaculture development strategy will be supported with $450,000 to study alternative species, address health risks and advance commercialization. An additional $50,000 will be provided to conduct year round testing on lobster quality in Southwest Nova Scotia.

Additionally government will begin consultations to develop a comprehensive natural resource strategy focused on four key areas: biodiversity, forests, parks and minerals. Government will also continue to support the efforts of agri-food and seafood operations by working with business to develop value-added products and adopt innovative new procedures and technologies.

Mr. Speaker we will also continue to develop responsible and affordable solutions to the challenges confronting the large employers that rely on our resources – like Stora, Ocean Nutrition and Oxford Frozen Foods.

Conclusion

Mr. Speaker, today we provided our plan of action for addressing what matters most to Nova Scotians. This budget is their budget. It responds to the issues we all care about – time with our families, a good job to go to, money to pay the bills, safe communities and hope for the future.

This is our plan.

A plan for families.

A plan for communities.

A plan for the future. A future full of hope and opportunity

Thank you, Mr. Speaker.

NOVA SCOTIA
Finance

NOVA SCOTIA
Come to life